

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 SS-15 PM-07 DODE-00 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

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INFO AMEMBASSY BELGRADE

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AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

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AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ECON, GE

SUBJECT: MID-YEAR 1973 OUTLOOK FOR GDR ECONOMY

1. SUMMARY. FIRST-HALF 1973 GDR STATISTICS APPEAR
OPTIMISTIC BUT DISLOCATIONS PERSIST AND POSSIBILITY
THAT FIGURES ARE DISTORTED FOR POLITICAL REASONS SEEMS
LIKELY. END SUMMARY.

2. REPORTING A LITTLE EARLIER IN YEAR THAN USUAL, GDR
CENTRAL OFFICE FOR STATISTICS HAS VENTURED RATHER
OPTIMISTIC FIRST HALF-YEAR 1973 ECONOMIC DATA, WHICH
BEING HEAVILY FEATURED IN EDITORIALS, NEWS STORIES AND
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EVEN HAND-OUT MATERIAL MADE AVAILABLE IN CONTEXT UPCOMING

WORLD YOUTH FESTIVAL.

3. FOLLOWING ARE MAJOR CATEGORIES REPORTED FOR FIRST HALF OF 1973 (1972 FULL-YEAR RESULT IN PARENTHESES): NATIONAL INCOME - 6 PERCENT (5); INDUSTRIAL GOODS PRODUCTION - 7.6 PERCENT (6); LABOR PRODUCTIVITY - 6.6 PERCENT (4.2); CONSTRUCTION - 7 PERCENT (8.7); CONSTRUCTION LABOR PRODUCTIVITY - 6 PERCENT (4.8); INVESTMENTS - 8 PERCENT (4); TRANSPORT OF GOODS 3.1 PERCENT (6.5) ANIMAL PRODUCTS - 6.2 PERCENT (7.1); INDUSTRIAL GOODS - 10.3 PERCENT (8.2); FOREIGN TRADE VOLUME - 13.6 PERCENT (13.7); IMPORTS ARE 15 PERCENT HIGHER; FOREIGN TRADE VOLUME WITH DEVELOPING COUNTRIES IS UP 28 PERCENT OVER-ALL AND WITH THE INDUSTRIAL WEST UP 11 PERCENT (WITH FRANCE, ITALY AND SWEDEN REPORTEDLY LEADERS).

4. WHILE MOST OF THE ABOVE CATEGORIES APPEAR TO REPRESENT AN ADVANCE OVER BOTH 1973 PLAN AND 1972 PERFORMANCE, ANALYSIS OF PERFORMANCE IN PAST YEARS SHOWS THAT FIRST HALF-YEAR PROJECTIONS ARE NOT UNFrequently HIGHER THAN FINAL YEAR PERFORMANCES. IN OUR VIEW, IT APPEARS POSSIBLE THAT THE POLITICAL REQUIREMENTS BROUGHT ABOUT BY THE PENDING INFUX OF FESTIVAL VISITORS HAS LED GDR AUTHORITIES TO MAKE THE MOST OPTIMISTIC INTERPRETATIONS POSSIBLE.

5. SEVERAL FACTORS NEVERTHELESS COINCIDED IN EARLY 1973 TO PERMIT SOME IMPROVEMENT OF PERFORMANCE IN VARIOUS SECTORS. A Milder THAN USUAL WINTER KEPT PRESSURE OFF WEAK ENERGY SECTOR. WITH IMPORTS HIGHER THAN EXPORTS, SOME FAVORED SECTORS OF ECONOMY ACHIEVED OR EXCEEDED THEIR GOALS. IN ADDITION, HEAVY FLOW OF WEST GERMAN TRAVELERS BROUGHT SUBSTANTIAL MATERIAL AND FINANCIAL BENEFITS.

6. IT IS MOST DIFFICULT TO DETERMINE WITH ANY ACCURACY HOW GDR STATISTICS ARE DERIVED. FOR EXAMPLE, THE PROGRAM INAUGURATED BEFORE 1973, AT EIGHTH SED PARTY CONGRESS FOR SUPPLEMENTARY PRODUCTION OF CONSUMER GOODS AND COMPONENT PARTS HAS BEGUN TO PRODUCE RESULTS. BUT LIMITED OFFICIAL USE

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WE CANNOT TELL WHETHER THESE RESULTS ARE REFLECTED UNDER LIGHT, HEAVY OR CONSUMER INDUSTRY STATISTICS. SIMILARLY IT SEEMS VERY LIKELY THAT INCREASES IN PRIVATE CONSTRUCTION, INCLUDING PAINTING, REPAIRING AND BUILDING HAVE BEEN INCLUDED UNDER THE BUILDING TRADES GROWTH RATES. FINALLY, SOME OF THE OVERALL GROWTH RATES MAY REFLECT HIGHER PRICES RATHER THAN INCREASED UNITS OF PRODUCTION.

7. IT IS ALSO WORTH NOTING THAT THE NET MONEY INCOME OF THE POPULACE INCREASED AS WELL. THIS INCREASE, IN EXCESS OF THE 1973 PLAN, WAS GREATER THAN IN 1972 (6.6 PERCENT VERSUS 5.5 PERCENT). INCREASED INCOME WAS NOT PROPORTIONATELY MATCHED BY THE GROWTH RATE IN THE FOOD INDUSTRY (4.2 PERCENT IN 1972). MOREOVER, THE PROVINCIAL PRESS AND OCCASIONAL COMMENTARIES IN TECHNICAL JOURNALS SUGGESTS THAT QUALITY IN ALL SECTORS OF PRODUCTION HAS FALLEN, AS HAS THE CAPABILITY OF PRODUCING THESE GOODS IN DESIRED SIZES, COLORS AND STYLES.

8. TO JUDGE FROM EDITORIAL AND FEATURE REPORTS IN A VARIETY OF NEWSPAPERS, AND COMPARING THESE WITH PAST PERFORMANCES, IT SEEMS THAT THE STATISTICAL DATA PRODUCED AT THIS TIME LEAN TOWARD THE OPTIMISTIC. THE PRESS HAS STRESSED THAT DURING FESTIVAL, QUESTIONS ABOUT WORKING AND LIVING CIRCUMSTANCES IN A SOCIALIST COUNTRY WILL BE IMPORTANT QUESTIONS ON THE LIPS OF THOUSANDS OF YOUNG PEOPLE FROM CAPITALIST AND EMERGING NATIONS AND THAT YOUNG LEADERS OF THE WORKING CLASS OF THE GDR WILL BE ABLE IN TALKS WITH THESE VISITORS TO GIVE GOOD EVIDENCE IN FACTS AND STATISTICS ABOUT THE ECONOMIC DEVELOPMENT OF LIFE UNDER SOCIALISM.BORG

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